

AN OVERVIEW OF 2012 STATE TUITION SUPPORT

Description of the 2012 School Tuition Support Formula

The Indiana General Assembly revisits the school distribution formula in its budget making sessions, on odd years. The 2011 session was a budget making session and the General Assembly enacted legislation to enumerate the formula and its various components and provide appropriations for the 2011-2012 and 2012-2013 state fiscal years. Due to the fact that the formulae for each of these two fiscal years build from previous year data, the narrative that follows reflects the formula for both those years.

TOTAL TUITION SUPPORT

The following summary includes the total tuition support for 2012 and 2013 calendar years is the addition of these components in for each school corporation, charter school, and virtual charter schools as they apply.

Tuition Support
Honors Diploma Grant
Special Education Grant
Vocational Education Grant
Prime Time Grant

TUITION SUPPORT

Tuition support is the total of five different calculations and includes tuition support, honors diploma grant, special education, career and technical education, and prime time. Each school corporation, charter school, and virtual charter school receives tuition support based on the applicable variables described below.

Accordingly, it is not possible to provide examples of these calculations applicable to school corporations, charter schools and the virtual charter school. Further, input variables are subject to change due to modifications in student count variables, or reductions made by the Department of Education required by statute to preclude overspending either the fiscal year appropriation, calendar year cap, or a state ordered reduction. At the end of the Tuition Support section is a discussion pertaining to the year end cap and a state ordered reduction.

In its simplest form, the tuition support formula determines the gross amount of state revenue for each school corporation, charter school, and virtual charter school.

PREVIOUS YEAR REVENUE

Selected state revenues establish a revenue base to determine the ensuing years funding. In 2012, the State Tuition Support worksheet page 3, Previous year Revenue, reflects the 2011 Basic Tuition Support (pulled from DOE SA54 Tuition Support, First Column less the 2011 funding reduction) plus the 2011 Restoration Grant and Small Schools Grant, if applicable. In 2013, the State Tuition Support worksheet page 3, Previous Year Revenue, reflects the 2012 Basic Tuition Support actually received (pulled from DOE SA54 Tuition Support, First Column). Unless otherwise specified all calculations are round to two places.

Charter schools in the first year of operation outside of Marion County are funded based on the school corporation where the charter school is located and do not have a previous year revenue. Charter schools in first year of operation in Marion County use a weighted average of the funding from the corporation where the student has legal residency.

OVERVIEW OF STATE TUITION SUPPORT, PAGE 2

ADJUSTED ADM FOR 2011-2012 and 2012-2013

Beginning in 2012, adjusted ADM is a school corporation and charter school's actual ADM.

TRANSITION TO FOUNDATION REVENUE

Transition to foundation revenue calculation determines the total state dollars generated by the formula, excluding categorical funding for honors grant, special education, career and technical education, and prime time. A calculation is made to determine the foundation amount per pupil for each individual school corporation and charter school. Additionally, a foundation amount is calculated for virtual charter schools as part of determining the foundation amount used in the calculation of a virtual charter school's tuition support.

A charter school in the first year of operation in 2012 that is located outside Marion County, uses the Foundation Amount per ADM for the school corporation in which the charter school is located to compute total tuition support revenue. For Marion County charters, in the first year of operation for 2012, it is a weighted average of the funding from the school corporation where the student resides.

Transition to Foundation Revenue Calculation: A calculation is made to determine the transition to foundation amount per pupil for each individual school corporation and charter school by calculating a complexity index, a Foundation Funding amount, and the transition to foundation per ADM. Transition to Foundation Revenue is defined as the per pupil Foundation Funding Amount as determined in Part Two multiplied by the 2011-2012 Adjusted ADM to determine tuition support for 2012 and by the 2012-2013 adjusted ADM to determine tuition support for 2013.

The calculation considers:

- The complexity index
- Previous year revenue per adjusted ADM
- The relationship between the previous year revenue per adjusted ADM and the State foundation amount multiplied by the complexity index.

Adjusted Complexity Index: The complexity index is determined according to the following criteria and is the sum of the following calculation plus 1:

For 2012, the percentage of the school corporations' students eligible for free or reduced lunch in the 2010-2011 school year is multiplied by .4974 (\$2,129/\$4,280) and this result is rounded to four places and cannot be less than zero. For 2013, the 2010-2011 free or reduced lunch data is multiplied by .4972 (\$2,190/\$4,405). If the result of the addition is equal to or greater than 1.28 in 2011-2012, it is adjusted by subtracting 1.28 from the above result and adding back the difference in 2012. If the result of the addition is equal to or greater than 1.31 in 2012-2013, it is adjusted by subtracting 1.31 from the above result and adding back in the difference in 2013.

Transition to Foundation Calculation: A school corporation, based on individual corporation data, will either be above, below, or at their foundation funding. School corporations who are considered to be at or below foundation the previous year are placed at foundation. The foundation amount is multiplied by the number of students to calculate basic tuition support. Foundation Funding is defined as the complexity index of the school corporation or charter school multiplied by the foundation amount as determined in statute as passed by the General Assembly. Remember, the foundation amount reflects per adjusted pupil funding. For 2012, the foundation amount is \$4,280. In 2013, the foundation amount is \$4,405 per pupil.

OVERVIEW OF STATE TUITION SUPPORT, PAGE 3

Beginning in 2012, schools may also receive a target adjustment based on ADM. If a schools' ADM is less than 500, then the adjustment is 0. If a schools' ADM is between 500 and 1,000, the adjustment is \$150; and if a schools' ADM is greater than 1,000, the adjustment is \$150,000/2011-2012 ADM. For 2013, the adjustment level is the same. The result of this is added to the previous line to determine the foundation amount.

The school formula determines if a school corporation or charter school is above, below, or at their Foundation Funding amount by subtracting the previous year revenue per adjusted ADM from the Foundation Funding. The transition to foundation is a transition from the previous year's revenue down to the foundation amount. The base amount is the lesser of the previous year revenue per student or the foundation amount increased by twenty percent (20%). To transition down to foundation, the formula subtracts from the base amount by dividing by 1/7 of the difference between the base amount and the foundation amount. That amount is then multiplied by the number of students for 2011-2012 to calculate a schools' basic tuition support. To transition down to foundation in 2013, the formula subtracts from the base amount by dividing by 1/6 of the difference between the base and the foundation amount.

A charter school that is in its first year of operation outside of Marion County in 2012 or 2013 uses the Transition to Foundation per ADM of the school corporation in which it is located to compute the Transition to Foundation Revenue. A charter school that is in its first year of operation in Marion County in 2012 or 2013 uses the sum of the weighted average of the Transition to Foundation per ADM determined for the school corporations in which the students have legal settlement to compute the Transition to Foundation Revenue. The final calculated revenue of this section is referred to as Basic Tuition Support.

VIRTUAL CHARTER SCHOOLS

Virtual Charter Schools are funded at 87.5% of the school's foundation amount multiplied by the Virtual Charter school's ADM for 2011-2012 as well as in 2012-2013. In order to determine the foundation amount, virtual charter schools must complete lines 1-7 of Section C of the funding formula.

HONORS GRANT

Each school corporation and charter school is eligible to receive \$900 for each student who received an academic honors diploma as well as those students who received a Core 40 diploma with technical honors in school year 2010-2011 for 2011-2012 and in school year 2011-2012 for 2012-2013.

SPECIAL EDUCATION GRANT

School corporations and charter schools are entitled to receive a grant for special education programs. The grant is based on a count of students who are enrolled in special education programs on December 1 of the preceding calendar year. The enrollment of December 1, 2011 is used in the 2012 funding formula and the enrollment of December 1, 2012 is used in the 2013 funding formula. Additionally virtual charter schools are eligible to receive special education funding in both 2012 and 2013 using the same formula as school corporations and charter schools.

The grant is the sum of multiplying the count of enrolled students by the following:

- \$8,350 multiplied by the unduplicated count of students with severe disabilities.
- \$2,265 multiplied by the unduplicated count of students with mild and moderate disabilities.
- \$533 multiplied by the duplicated count of students with communication disorders.
- \$533 multiplied by the duplicated count of pupils in homebound programs.
- \$2,750 multiplied by the special preschool education program pupil count.

The same per pupil program dollar amounts are used for both 2012 and 2013.

OVERVIEW OF STATE TUITION SUPPORT, PAGE 4

CAREER & TECHNICAL EDUCATION GRANT

The distribution of career & technical education monies is based on labor market demand and wage data calculated according to the following table. School corporations and charter schools are eligible to receive a vocational education grant. Students enrolled in these categories must be enrolled and attending the school corporation and be counted in the school corporation ADM. For 2012, the fall 2011 program enrollment data are used to calculate the grant. Information needed for the fall 2011 program enrollment data will be collected through the INTERS system at the Department of Workforce Development. The fall 2011 program enrollment data are used for 2012 funding. All calculations are rounded to the nearest dollar.

The calculation is the number of students enrolled in career and technical education programs that are addressing employment demand for individuals in labor market categories that are projected to need a:

1. More than Moderate Labor Market Need and High Wage/\$450 per student credit hour multiplied by the number of hours (up to three hours); plus
2. More than Moderate Labor Market Need and Moderate Wage/\$375 per student credit hour multiplied by the number of students in this category; plus
3. More than Moderate Labor Market Need and Less than Moderate Wage/\$300 per student credit hour multiplied by the number of students in this category; plus
4. Moderate Labor Market Need and High Wage/\$375 per student credit hour multiplied by the number of students in this category; plus
5. Moderate Labor Market Need and Moderate Wage/\$300 per student credit hour multiplied by the number of students in this category; plus
6. Moderate Labor Market Need and Low Wage/\$225 per student credit hour multiplied by the number of students in this category; plus
7. Less than Moderate Labor Market Need and High Wage/\$300 per student credit hour multiplied by the number of students in this category; plus
8. Less than Moderate Labor Market Need and Moderate Wage/\$225 per student credit hour multiplied by the number of students in this category; plus
9. Less than Moderate Labor Market Need and Low Wage/\$150 per student credit hour multiplied by the number of students in this category; plus
10. All Other Vocational Education Programs/\$250 per student multiplied by the number of students in this category; plus
11. Area Participation/\$150 per student multiplied by the number of students.

Area Participation funding is for students participating in a vocational education program in which students from multiple schools are served in the same classroom at a common location. *This does not include students served in programs that meet for one class period a day.*

The total career & technical education grant is the sum of the dollar amounts calculated under steps one through eleven. The Indiana Department of Workforce Development defines the areas of job demand annually. If a school corporation feels the determined job demand categorization is not representative of their area, that school corporation may petition the Department of Workforce Development for re-categorization.

PRIME TIME GRANT

All school corporations and charter schools are eligible to receive a Prime Time Grant. This grant is paid on the basis of a Target Pupil/Teacher Ratio calculated for each school corporation or charter school. This ratio can range from 18 pupils per teacher to 15 pupils per teacher, depending on the school corporation or charter school Complexity Index. The 2011 Complexity Index is used for the calculation in 2012 and the 2012

OVERVIEW OF STATE TUITION SUPPORT, PAGE 5

Complexity Index is used for the calculation in 2013. The Adjusted Complexity Index for a charter school in the 2012 and 2013 funding formula is based on the percentage of free or reduced lunch counts from the 2010-2011 school year for the charter. For a first year charter, the percentage of free or reduced lunch is the index of the school corporation in which the charter school is located for the first year of operation. The first calculation is to determine the applicable Target Pupil/Teacher Ratio.

- If the Complexity Index is equal to or greater than 1.1, but less than 1.3, subtract the Complexity Index from 1.3, divide that result by .2, multiply the quotient by 3 and add 15. This is the target pupil/teacher ratio.
- If the Complexity Index is less than 1.1, the target pupil/teacher ratio is 18.
- If the Complexity Index is equal to or greater than 1.3, the target pupil/teacher ratio is 15.

For 2012, divide the 2011-2012 Grade K-3 ADM by the appropriate pupil/teacher ratio. Round to four places. For 2013, divide the 2012-2013 Grade K-3 ADM by the appropriate pupil/teacher ratio. Round to four (4) places. This calculation determines a teacher equivalency needed to meet the target pupil/teacher ratio.

For 2012, multiply the applicable 2012 tuition support amount by .75 and divide by the 2011-2012 ADM. For 2013, multiply the applicable 2013 tuition support by .75 and divide by the 2012-2013 ADM. Round to two (2) places. This result is multiplied by the applicable year (2011-2012 or 2012-2013) Grade K-3 ADM.

Divide this result by \$74,500, rounded to two (2) places, and subtract the amount from the result of the division of the 2011-2012 Grade K-3 ADM by the appropriate pupil/teacher ratio. Round this value to two (2) decimal places. This calculation cannot be less than zero (0). This represents the number of Grade K-3 teachers that are funded through the Prime Time calculation. This result is multiplied by \$74,500, and rounded to two (2) decimal places. The result is compared to fifty percent (50%) of the 1999 Prime Time Grant amount, if applicable, or the First Program Year Grant amount, if applicable. For 2013, the previous step will be compared to zero. The greater of these dollar values is compared to the 2011 (for 2012) or 2012 (for 2013) Prime Time Grant multiplied by 1.075% then rounded to two (2) places. The 2012 or 2013 Prime Time Grant is the lesser of these two values.

STATE TUITION SUPPORT

The total State Tuition Support for the 2012 and 2013 calendar years is the addition of these components for each school corporation and charter school as they apply:

- Basic Tuition Support
- Honors Diploma Grant
- Special Education Grant
- Career & Technical Education Grant
- Prime Time Grant